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| Report to | County Council |
| Date of meeting | 31 st January 2023 |
| Lead Member / Officer | Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets / Steve Gadd, Head of Finance and Property |
| Report author | Leah Gray / Steve Gadd |
| Title | Council Tax Reduction Scheme 2022/23 |

1. What is the report about?

The adoption of the All Wales Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the All Wales Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) Amendment Regulations 2023.

2. What is the reason for making this report?

The Welfare Reform Act 2012 contained provisions to abolish council tax benefit in its current form across the UK. From 31 March 2013 council tax benefit ceased and the responsibility for providing support for council tax and the funding associated with it, has been passed to the Welsh Government. The Welsh Government, in partnership with local authorities in Wales, introduced a new scheme to provide council tax support which was adopted by the Council in January 2013. The Welsh Government have finalised both sets of regulations on 17th January 2023 and the new Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and amendments Regulations 2023 are required to be adopted by 31st January 2023.

3. What are the Recommendations?

3.1. That members adopt the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 and the Council Tax Reduction Schemes

(Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023 in respect of the 2023/24 financial year.

3.2. That members approve the discretionary elements of the scheme, shown in section 4.4, for 2023/24 financial year.

4. Report details

4.1. The Proposed Scheme 2023/24

In considering the development of a new scheme for 2023/24 Welsh Government agreed that the amended scheme should observe the following parameters:

- To continue with a single nationally defined scheme to providing a consistent level of support to claimants across Wales. The maximum level of support is set at 100%.
- To continue providing a small number of discretionary elements, similar to those available under the current scheme, allowing local authorities to respond to their differing local circumstances (provided that the costs of any local variation are locally funded).
- To continue to be based on a reform of the previous Council Tax Benefit system, until 2024-25 so that operational risks are managed and that support can continue to be provided.

4.2 Uprating for 2023/24

The amended 2013 CTRS Regulations uprate financial figures used to calculate entitlement to a reduction in line with Welsh Government policy. A number of other figures are included in the uprating for 2023/24. These include:

- Personal allowances in relation to working age, and carer and disabled premiums
The financial figures in respect of these allowances have been amended and have increased in line with the cost-of-living rises. The convention is to uprate in line with the Consumer Price Index figure for September from the previous year (2022), which is 10.1%.
- Personal allowances in relation to pensioners
The financial figures in respect of pensioner rates have been amended and are aligned with Housing Benefit. These have been calculated with assistance from the Department of Work and Pensions

and have been updated by different mechanisms. For example, the Pension Credit Standard Minimum Guarantee is updated by earnings, whereas the Additional Pension and increments are updated by prices.

- Non-dependant deductions The financial figures for the income bands and deductions made in relation to non-dependants have been updated. If amendments are not made, the deductions from CTRS awards would not be appropriate as the income thresholds would no longer reflect average earnings and the deduction would no longer reflect the overall cost of council tax.

4.3 Additional Amendments

People from Ukraine

Regulation 3, 4 and 5 of the scheme is amended to support Ukraine nationals and as a consequence of the refugee crisis caused by the Russian-Ukrainian War. The proposed amendments to the 2013 CTRS Regulations make provision to ensure that any Ukrainian national who has been granted leave to enter or remain in the UK under or outside the immigration rules or who has a right of abode is not treated as not being habitually resident in Great Britain for the purpose of determining their eligibility for CTRS. The effect of these amendments is that people in this group will be eligible to be included in a local authority's CTRS and will be eligible for a discount if they meet the other requirements of the CTRS.

Protection for hosts for the Homes for Ukraine scheme

This amendment is designed to ensure that no applicant living in Wales who is a host of a person from Ukraine is negatively impacted.

EEA Citizens

EEA citizens are now subject to immigration control. The amendments to the 2013 CTRS Regulations propose to remove the exception for EEA citizens who are now subject to immigration control.

4.4 Discretionary Elements for Council Decision

Council are recommended to adopt the following three discretionary elements of the scheme:

- not to increase the standard extended payment period of 4 weeks Council Tax Reduction to applicants, after they return to work when they have been in receipt of a relevant qualifying benefit.
- disregard 100% of the War Disablement pensions and War Widows Pensions when calculating income
- not to increase the CTR maximum backdate period beyond the standard 3 months

5. How does the decision contribute to the Corporate Priorities?

Adopting this scheme will help vulnerable people, ensuring they are able to live as independently as possible, reduce homelessness and child poverty. If the uprating figures were not adopted, the eligibility criteria would be out of date, with earning thresholds no longer reflecting the overall cost of council tax. Applicants would be disadvantaged by reducing or stopping their entitlement to support. It could also cause confusion for applicants and increase the administrative burden for the Local Authority and local support providers.

6. What will it cost and how will it affect other services?

£8.769m has been identified in the settlement for Denbighshire for Council Tax Support from the Welsh Government (£8.536m last year). However current expenditure is £10.502m and if the Net Council Tax increased by 3.8% (i.e the councils proposed increase) the forecast expenditure for 2023/24 is circa £10.901m. This gives a shortfall of around £2.132m for 2023/24 for which budgetary provision has been made since 2013 and further £350k additional provision has been proposed as part of the budget proposals for 2023/24.

7. What are the main conclusions of the Well-being Impact Assessment?

A Well-being Impact Assessment has not been completed for this report as the proposal is for the extension of the current scheme which was consulted on in 2012. There are no material changes proposed (and no changes to the discretionary elements), however it is a legal requirement that the scheme is formally approved by Council on an annual basis.

8. What consultations have been carried out with Scrutiny and others?

Not applicable as this is an extension of the current scheme, which was consulted on in 2012.

9. Chief Finance Officer Statement

The Council is required to adopt a reduction scheme annually. As funding for CTRS has remained static, or reduced across Wales for a number of years the impact of Council Tax rises on the reduction scheme has to be funded locally. The proposals in this report have been included as part of the budget proposals for 2023/24.

10. What risks are there and is there anything we can do to reduce them?

There are risks to the Council in not adopting this scheme, in that Denbighshire CC would then have to adopt the default scheme, which may increase the total cost.

11. Power to make the decision

Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013.
The Council Tax Reduction Scheme (Default Scheme) (Wales) Regulations 2013.
Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2023.